

## ISO NEW ENGLAND INC. CODE OF CONDUCT

As a director, officer or employee ("you") of ISO New England Inc., a Delaware essential that each of you become familiar and comply with the *Code of Conduct*, which sets forth certain Company policies. As a regional transmission organization, the Company is subject to special scrutiny of certain regulatory agencies, including the Federal Energy Regulatory

in New England and

you must strictly adhere to the rules and spirit of the *Code of Conduct*, which prescribes certain standards of conduct so that each of you not only comply with such mandates and principles in performing your day-to-day tasks but also conduct the business legally and ethically.

For purposes of the *Code of Conduct*

persons (natural or legal) and their Affiliates: any person (other than the Company) which is a party to the Participants Agreement, a Market Participants Service Agreement or a Transmission Service Agreement, other than (i) any Transmission Customer solely taking Through Service under the Tariff, and (ii) FTR Holders Only.

means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, or other form of entity, directly or indirectly Controlling, Controlled by, or under common Control with, such entity.

means the possession, directly or indirectly, of the power to direct the management or policies of an entity. A voting interest of ten percent or more creates a rebuttable presumption of control.

The statements made in this *Code of Conduct* do not constitute an agreement or contract of employment.

*Code of Conduct* does not make those individuals employees of the Company. It merely means that, in performing your duties and responsibilities to the Company, you must adhere to the rules and policies set forth herein which are applicable to you.

This or any other stated policy may be changed unilaterally by the Company at any time, without prior notice.

The *Code of Conduct* cannot address every situation you may encounter. If you have questions about provisions of the *Code of Conduct* or about legal and ethical practices in general, you should consult with the Vice President of the Company's Human Resources Dep



shall mean the Securities (as defined below) of a Publicly-Traded Market Participant (also as defined below), if:

(1) the primary business purpose of the Publicly-Traded Market Participant is to buy, sell or schedule energy, power, capacity, ancillary services or transmission services as indicated by an

group under the North American Industry Classification System or otherwise determined by the Company; or

(2) the total (gross) financial settlements related to the use of the New England Transmission System and/or transactions in the New England Markets for all Market Participants that are affiliated with a Publicly-Traded Market Participant during the Publicly-Traded Market  
greater than 0.5% of the

Publicly-

(3) the total (~~gross~~) financial settlements related to the use of the New England Transmission System and/or transactions in the New England Markets during the prior calendar year for all Market Participants that are affiliated with a Publ (il)- Tf uET@ 0043 7992 reW\*nBT/TT0 12 Tf112.1 531.55 T

into the aforementioned securities, options, rights, warrants, puts, calls

Compliance Officer and General Counsel are unable to reach a conclusion, in which case they shall ask the Committee to consider the matter pursuant to Section 9;

- You are an officer or employee and you served as a former executive officer of a Market Participant and are receiving continuing benefits under an existing employee benefit plan (other than a defined benefit pension plan or other plan pursuant to which the benefits are independent of the financial condition of the Market Participant and pension payments are distributed to you by a trustee, not as compensation but in accordance with the rules of the pension plan), arrangement or policy of the Market Participant;
- You are a member of the Board of Directors and you served as a former executive officer or director of a Market Participant and you continue to receive benefits (other than customary retirement-related benefits including, but not limited to, benefits under ERISA plans, supplemental retirement plans or non-pension post-retirement benefit plans) from a Market Participant; or
- You have a material ongoing business or professional relationship with a Market Participant (including employees of Market Participants). Notwithstanding Sections 7 and 9 hereof, the Compensation and Human Resources Committee of the Board of Directors has the authority to determine whether a business or professional relationship between a director, officer or employee and a Market Participant is a material ongoing business or professional relationship.

### **2.3 Non-Participation in Market Transactions**

To ensure that the Company and each of you maintain independence from any Market Participant, the Company and each of you are prohibited from engaging in any market transactions other than in the performance of duties under the Tariff. This provision shall not, however, prevent the Company or any of you from purchasing electricity, power and energy as retail customers for its or your own account and consumption from a Market Participant.

### **2.4 Political Activities**

You are not restricted from participating in any legal political activity so long as you do not purport, directly or indirectly, to represent the Company without authorization. You should not participate in political activities as a representative of the Company unless specifically authorized to do so, or use corporate funds or

office.

## **2.5 Secondary Employment and Other Activities**

If you are an employee of the Company, you may not take on any secondary employment

circumstances you are expected to adhere to and maintain the highest ethical standards when conducting Company business.





cohabiting partner, children, relatives, friends and anyone else other than those working on the matter at the Company. In general, Company matters should not be discussed with any outside individuals. Particular care is necessary in discussing Company matters in elevators, restaurants, taxicabs, trains, commercial aircraft and other public places where names and other scraps of information might be overheard. Care should also be taken not to expose nonpublic papers in such places or leave them lying around in conference rooms or other places, even within the Company.

#### **4.2 Penalties for Trading on Insider Information**

It is against Company policy and a violation of law to make use of insider information for personal advantage in securities trading or to disclose such information to an outsider. Each of you who has any knowledge of insider trading activities or improper disclosure committed by others must notify the Compliance Officer or his or her designee immediately. Each of you who has engaged in insider trading or has provided insider information to outsiders will be terminated immediately. In addition, both you and the Company may be subject to severe civil and criminal penalties as a result of insider trading by you or by an outsider who has received insider information from you.

#### **5. TRAINING**

The Company will develop procedures to train you on the *Code of Conduct* and to assess the effectiveness of the *Code of Conduct* in preventing insider trading and conflicts of interest. Each of you will receive periodic training for as long as you remain associated with the Company. Each person attending such training sessions will be required to certify that he or she attended the training, understands the *Code of Conduct*, and will not violate it. In addition, the

result in the termination of your relationship with the Company.

other violations by the Company or its agents of federal or state law.

## **8.1**

### **8.3 Reporting and Retention of Reports and Submissions**

The General Counsel shall maintain a log of all Reports and Submissions and all related documentation, which log tracks their receipt, investigation and resolution, and shall prepare a periodic summary report thereof for the Compensation and Human Resources Committee

**ANNUAL COMPLIANCE CERTIFICATE**

I have received the